



# CalHFA Subordinate Loan Underwriting Guidelines when Combined with Government Insured/Guaranteed and Conventional First Mortgages

**NOTE: THIS MATRIX IS INTENDED AS AN OVERVIEW OF CREDIT UNDERWRITING ONLY. THE TERM "UNDERWRITING" SHOULD NOT BE CONFUSED WITH TAX ACT, AND CalHFA PROGRAM AND POLICY COMPLIANCE REVIEW. ALL LOANS SUBMITTED TO CalHFA FOR PURCHASE MUST INCLUDE ALL DOCUMENTS REQUIRED BY CalHFA HOMEOWNERSHIP FOR TAX ACT, AND/OR CalHFA PROGRAM AND POLICY COMPLIANCE REVIEW.**

**Contacts:** For credit underwriting questions contact CalHFA Mortgage Insurance Services at 916-322-8936. Program compliance questions should be directed to the CalHFA Homeownership Division at 916-324-8088.

		MANUAL UNDERWRITING	AUTOMATED UNDERWRITING
This matrix is intended as an overview of credit underwriting only. Detailed underwriting may be found in CalHFA Conventional Loan Underwriting Guidelines. CalHFA accepts CalHFA Subordinate loans for purchase that have either been manually underwritten or underwritten via an AUS included with first loans through Fannie Mae's Desktop Underwriting (DU) at a level of Approved/Eligible or Approved/Ineligible or Freddie Mac's Loan Prospector (LP) at a level of Accept, and conforms with CalHFA Conventional Loan Underwriting Guidelines. Expanded Approvals (EA) and enhanced DU "Improved Underwriting" and "Refer" AUS approvals are not acceptable and will require a manual underwriting. Exceptions to a minimum credit score and/or maximum debt-to-income ratio may be acceptable with strong compensating factors on a case-by-case basis. Lenders are required to ensure all loans submitted are fully documented and include an acceptable automated underwriting findings report and underwriter's conditions of approval with a signed Approval by the Underwriter. CalHFA Mortgage Insurance must perform a credit underwriting review and acceptance on all first mortgages that are combined with CalHFA Subordinate loans regardless of the of first loan type.			
ELIGIBILITY	Borrower Eligibility	First-time homebuyer, income limits, sales price limits, meet CalHFA conventional loan underwriting guidelines regardless of first loan type Refer to the Homeownership section of CalHFA's web site at <a href="http://www.calhfa.ca.gov">www.calhfa.ca.gov</a>	
	Programs	CalHFA Subordinate Loan Programs: CHAP is Temporarily Unavailable for New Reservations (Refer to Program Bulletin # 2008-10) HiCAP is Temporarily Unavailable for New Reservations ECTP may be combined only with a CalHFA Fixed Rate Government or Conventional 30 year fixed rate loan CHDAP may be combined with a CalHFA or non-CalHFA Conventional or Government fixed rate first mortgage loan	
	Loan Purpose	Purchase transactions only	
	Occupancy Type	Owner-occupied primary residence only	
	LTV & CLTV Limits	Maximum underlying first loan LTV according to insurer/guarantor requirements. Maximum CLTV - 102% (90% Maximum LTV/CLTV on Manufactured Housing)	
	Minimum Contribution	None Required	
	Homebuyer Education	Not required on CalHFA subordinate loans.	
CREDIT	Minimum Credit Score	For first loan LTVs <= 95% minimum FICO 620; for first loan LTVs > 95% (e.g. FHA including UFMIP) minimum FICO 680 regardless of automated underwriting findings or loan type	
	Alternative Credit	Permitted. Minimum of four sources with a 12 month satisfactory payment record. One of the sources must be a 12 month Verification of Rent	
	BK (CH. 7 & 13) / Foreclosure	Minimum three years since discharge date / foreclosure sale and evidence of reestablished credit	
	Collections	If individual account balance is less than \$250, or the total of all such accounts is \$1000 or less , CalHFA does not require that such accounts be paid off at or prior to closing	Determined by automated approval
RATIOS & INCOME	Deferred Student Loans	Even though deferred, the actual payment amount must be included in total debt ratio calculation	
	Total Debt Ratio (TDR)	Maximum 45%	Maximum 55% (regardless of automated underwriting findings)
	Temporary Buydowns	Temporary buydowns allowed on fixed rate first mortgages only LTV > 95% qualify at the note rate LTV <= 95% qualify at buydown + 1%	Determined by automated approval
	Non-Occupying Co-Signer	Permitted with CLTV < = 90%. Occupant borrower(s) total debt ratio max 55%, combined max 45% and 10% down must be from borrowers own funds	
	Boat Income	Not Permitted	
	PT / OT / 2nd Job / Bonus Income	Permitted with a minimum 12 month history	Determined by automated approval
PROPERTY	Eligible Property Types	Single Family (no in-law units/granny units), five acre maximum Condominiums must meet FNMA Condominium Project Acceptance Policy including FHA Condominium Approval acceptable to FNMA Manufactured Housing - limited to 90% LTV/CLTV with 10% down payment from borrower's own funds	
	Appraisals	One of the following appraisal forms is required: Uniform Residential Appraisal Report (URAR) Fannie Mae/Freddie Mac form 1004 (Single Family/PUD) Form 1004C (Manufactured Home Appraisal Report) Form 1073 (Individual Condominium Unit Appraisal Report)	
FUNDS TO CLOSE	Minimum Down Payment	Minimum down payment required in accordance with the first loan type. Approved DAPs may be used for down payment. Manufactured home loans require 10% from borrower's own funds.	
	Cash Reserves	1 month	Determined by automated approval
	Gift Funds	Permitted. No Maximum. May be used to supplement cash reserves. Must be documented in accordance with Fannie Mae requirements	
	Seller Contributions	Contributions by any interested party towards recurring and/or non-recurring closing costs are limited to: 3% of the purchase price if the first loan's LTV is > 90% 6% if the first loan's LTV is <=90% Any contribution exceeding these limits requires a downward adjustment to the sales price to reflect the amount that exceeds the limits	
MI	Mortgage Insurance Rates	Not Required on CalHFA Subordinate Loans	